



Tasmanian Council of Social Service Inc.

Legislative Council Inquiry into Short Stay Accommodation in Tasmania 10 August 2018



INTEGRITY
COMPASSION
INFLUENCE

About TasCOSS

TasCOSS is the peak body for the community services sector in Tasmania. Our membership includes individuals and organisations active in the provision of community services to low income Tasmanians who often live in vulnerable and disadvantaged circumstance.

TasCOSS represents the interests of its members and their clients to government, regulators, the media and the public. Through our advocacy and policy development, we draw attention to the causes of poverty and disadvantage, and promote the adoption of effective solutions to address these issues.

Our Mission is to challenge and change the systems, behaviours and attitudes that lead to inequality and disadvantage.

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Introduction

TasCOSS appreciates the opportunity to make a submission to the Legislative Council's inquiry into short stay accommodation in Tasmania. It is imperative that we gain a better understanding of the existing situation and longer-term trends in order to ensure that opportunities for some do not carry negative consequences for others, particularly low-income and vulnerable households.

We also welcome the recent announcement by the Government in relation to proposed legislation to ensure compliance with the existing permit system. Due to the timing of this announcement in relation to this inquiry, we will broadly address this proposed legislation in this submission. This legislation needs to deliver equitable outcomes for all Tasmanian communities and to enable a regulatory system that will protect the interests of all Tasmanians who need a home.

TasCOSS represents the interests of low-income Tasmanians, who often live in vulnerable and disadvantaged circumstances. We advocate for affordable, appropriate, safe and secure housing for all Tasmanians and for an end to homelessness in the state. Overall TasCOSS asserts that the housing needs of Tasmanians should be prioritised over the needs of corporations and investors who are currently profiting from Tasmania's tourism boom at the expense of our own population.

While Tasmania's recent tourism boom brings obvious economic benefits, concerns have arisen over the growth of short-stay rentals through online platforms such as Airbnb and Home Away/Stayz and the potential impact of this sector on the supply and affordability of long-term rental properties, particularly in Hobart but also in other parts of the state. We need to get the balance right so all Tasmanians can have a place to call home that is affordable and appropriate while growing our economy through the opportunities that tourism provides.

TasCOSS understands that short-stay accommodation is only one element of the overall housing market, and the current housing crisis has many drivers. However, the exponential growth of the short-term rental sector in recent years is coming at a time of plummeting rental affordability for low-income Tasmanians. This requires the Tasmanian Government to adopt new approaches to monitor the expansion of short-stay accommodation, ensure compliance with the permit criteria by short stay accommodation hosts. This will then ensure the impact of short-stay accommodation on Tasmanian renters and communities can be addressed, through the Affordable Housing Strategy and other government responses as required.

The growth of short stay accommodation in Tasmania and the changing character of the market, including recent trends in online letting of short stay accommodation

Available data indicate that short-stay accommodation has grown exponentially in Tasmania over the last two to three years. The University of Tasmania estimates that between July 2016 and June 2018, listings of entire properties on Airbnb have grown 205% state-wide, 228% in the greater Hobart area, and 268% in the Hobart LGA. As of June 2018, there were 4,738 total listings state-wide, with 2085 of these in the greater Hobart area and 1177 in the Hobart LGA. The University also notes a concerning increase in the number of multiple listings, indicating the growing use of professional property managers.¹

The full extent of this growth and recent trends in online letting will not be known unless comprehensive data is available. In principle the enforcement of permit requirements envisaged by the proposed legislation will lead to improved information. (Compliance up to this point has been poor—HCC issued a total of 87 permits between July 2017 and June 2018, at a time when Inside Airbnb shows at least 524 properties in the Hobart LGA that might require a permit.²) Properties which require a permit are potentially the ones most likely to have been previously been in the residential market or to have potential to serve as residential rentals in the future.

However, permit data alone will not capture the full extent of growth of short-stay accommodation, due to the permit-exempt status of ancillary dwellings (granny flats), which typically are listed as an ‘entire dwelling’ whether or not they are attached to the main house on a block. Property owners renting out an ancillary dwelling do not require a permit for visitor accommodation use if they are using the house with which it is associated as their main place of residence and they are letting out no more than four bedrooms in total, whether in the ancillary dwelling or the main house.³

¹ UTAS ISC Housing Update, August 2018 (forthcoming).

² Email communication, Hobart City Council, 8 August 2018.

³ Planning Directive No 6; email, Hobart City Council, 8 August 2018.

The impact of short stay accommodation on the residential housing sector

In its May 2018 report to the Minister, The Tasmanian Planning Commission received a range of submissions relating to recent trends in short stay accommodation and the impact on the residential housing sector. Specifically it made findings and recommendations based on its observations regarding housing affordability and availability. TasCOSS asserts these findings should be endorsed and the recommendations should be implemented by the State Government. Specifically, recommendation 6 states:

- a) The Department of Premier and Cabinet, Local Government Division, to monitor the number of planning permits being issued throughout the state, for visitor accommodation in a dwelling where the residential use is permanently displaced.
- b) The Department of Justice provide immediate advice on:
 - (i) The desirability of including an amendment to the SPPs to include provision to facilitate the availability of affordable housing in the SPPs and the LPSs of municipalities
 - (ii) Development of planning policy designed to facilitate housing affordability through the application of provisions in planning schemes; and
 - (iii) Preparation of revised provisions, either in the form of a modified draft Planning Directive or modifications to the SPPs, based on the outcome of its review and any planning policy for housing affordability.⁴

The assessment and recommendations of the Tasmanian Planning Commission in this regard is aligned with the feedback TasCOSS and the community sector have received through the direct interface with individuals seeking affordable rental properties.

The rapid growth of short-stay accommodation has coincided with and almost certainly contributed to a decline in availability of residential rentals in Hobart and in other popular tourism destinations including seaside towns such as Spring Beach, Bruny Island, Binnalong Bay or Coles Bay. The University of Tasmania notes that in Glamorgan/Spring Bay, the number of Airbnb listings is currently equivalent to 40% of the LGA's 2016 rental stock; for Break O'Day, the figure is 17% (compared to 8% in Hobart and 1% in Glenorchy).⁵

Against the backdrop of high growth in online listings described above, the 2018 Anglicare Rental Affordability Snapshot found that in the south of the state, the number of properties available for rent (562), although somewhat up from 2017, has dropped 40% from 2014.

For the state as whole, rental listings dropped 9% from 2017, and 38% from 2014.⁶ In some cases, the drop in rentals and the growth of short-stay accommodation has been particularly notable precisely in areas that historically have offered affordable rentals—Maydena, for instance, which currently shows eight 'entire property' offerings clearly targeted at visitors to the Maydena Bike Park and where no

⁴ Draft Planning Directive No. 6 Exemption and Standards for Visitor Accommodation in Planning Schemes - *Report to Minister under section 12 (5) of the former provisions of the Land Use Planning and Approvals Act 1993*

⁵ UTas ISC Housing Update, August 2018 (forthcoming).

⁶ <https://www.socialactionresearchcentre.org.au/wp-content/uploads/Rental-Affordability-Snapshot-Tasmania-2018.pdf>, pp 4-8.

residential rentals are available.⁷ Meanwhile, Hobart's rental vacancy rate, while up from the historic lows of late 2017, still is lower than 1% (around 0.7%).⁸

As availability declines, competition for properties intensifies, with some renters pushed into unaffordable price ranges while others are forced farther and farther away from employment, education and training opportunities, and health and other services. While the impact of this has been highlighted as a housing issue, for many people the impact of this displacement is far greater. For example, TasCOSS has heard of many examples where children have been forced to move schools as the long term rental they have been living in is taken off the rental market and the only affordable property available is in a suburb too far away to travel twice a day to the original primary school. Displacement for those who have lived in long term affordable rentals that have been converted to short-stay accommodation is also about a loss of social connectedness to a community and neighbours that have been part of your life for many years.

It is imperative that this displacement is understood and addressed across Tasmania and requires corrective action. While recognised as a key issue by the Tasmanian Planning Commission in its May report, the displacement issue was only addressed in Planning Directive 6 through recommendations for exemption from short stay accommodation for Battery Point and Wapping. TasCOSS contends these two geographical communities made strong representation to the Planning Commission because residents had the means to ensure their voices were heard. In terms of equity, it is critical that other communities and residents also have this opportunity to ensure assessment of the impact across Tasmania is understood and action taken where necessary.

The precise relationship between the rise of online short-stay listings and the decline in rental listings has yet to be established. The University of Tasmania estimates that the current net housing shortage in the Hobart LGA is approximately 451 dwellings, and in greater Hobart is almost 600.⁹ Meanwhile, the University has estimated that if 70% of the properties listed as 'entire properties' on Airbnb in January 2018 were previously in the long-term rental market, it would mean that approximately 2500 homes statewide, and more than 600 homes in Hobart, have been removed from the private rental housing pool since 2016; the latest Housing Update raises the estimated conversion rate in inner city markets to 75%.¹⁰

At the same time that short-stay listings have grown, rental affordability has declined, a situation that hits low-income families (who are the least likely to be able to afford to buy a property) the hardest. Already in 2016, 32% of low-income renters were paying more than 30% of their household income in rent (33% outside of Hobart).¹¹ The University of Tasmania now reports that for an average family that is

⁷ https://www.airbnb.com.au/s/Maydena--Australia/homes?refinement_paths%5B%5D=%2Fhomes&checkin=2018-11-06&checkout=2018-11-08&adults=1&children=0&infants=0&allow_override%5B%5D=&ne_lat=-42.75023208221372&ne_lng=146.63804393862074&sw_lat=-42.75988500488503&sw_lng=146.61892515276259&zoom=16&search_by_map=true&s_tag=8IBAzbfo, accessed 2 August 2018; <https://www.realestate.com.au/rent/in-maydena,+tas+7140/list-1>, accessed 2 August 2018.

⁸ UTas ISC Housing Update, August 2018 (forthcoming).

⁹ UTas ISC Housing Update August 18.

¹⁰ These estimates do not appear to distinguish ancillary dwellings—which are less likely than fully separate properties to have been rented out as long-term rental accommodation in the past—from other 'entire dwelling' listings. http://www.utas.edu.au/_data/assets/pdf_file/0009/1074609/Insight-Three-Housing-Web-Version.pdf; UTas ISC Housing Update, August 2018 (forthcoming).

¹¹ ABS 2016 Census; PHIDU, 2016.

renting in Tasmania, the proportion of family income required to meet rent payments in March 2018 was 28.1%, up 5.6% from March 2017 and second only to NSW.¹²

Indeed, the figures above related to ancillary dwellings suggest that at least in Hobart and Launceston, more affordable smaller spaces are being removed from the rental market at a high rate (assuming that these were previously rented out and that they would in fact meet the minimum standards of the *Residential Tenancy Act 1997*).¹³

This situation underlines the need for additional research, as well as continued collection of up-to-date, comprehensive demographic and housing stock data, in order to fully understand the impact of short-stay housing on the residential housing sector in Hobart and elsewhere in the state, and in particular the impact on low-income renters.

¹² Families that are renting have on average lower incomes than the Tasmanian average. UTas ISC Housing Update August 18.

¹³ Of the 335 0/1 bedroom listings in the Hobart LGA noted above, 36 (11%) are listed as having no kitchen, making them ineligible to be used as a rental property under the RTA.

Regulatory issues including consumer safety, land use planning, neighbourhood amenity and licensing conditions compared to other jurisdictions in Australia and worldwide.

Reflecting both the abrupt rise of short-stay letting and the complexity of regulating the sector, regulatory issues around short-stay accommodation are in a state of flux in Australia and globally.¹⁴ Some jurisdictions (San Francisco, New York) have tightened their regulations in relation to property use for short-stay letting or have moved to enforce existing regulations; others (Berlin) have moved to relax regulation, probably in part due to challenges in enforcing strict bans.¹⁵

Globally and in Australia, jurisdictions have used a range of approaches to mitigate the impact of online short-stay accommodation on local housing markets. For example:

- Permits are increasingly required from local or state authorities. Airbnb appears to be enforcing permits for new registrations in a number of jurisdictions (Japan, Catalonia, Andalucia).¹⁶
- Local authorities increasingly have the ability to change permit conditions according to changing circumstances. In NSW, for example, councils outside Greater Sydney have the power to decrease the 365-day-a-year rental threshold set by the state.
- Local authorities increasingly have the ability to impose conditions additional to those set by national or state governments. For example, Shinjuku Ward in Tokyo permits short stay accommodation operations only on Fridays, Saturdays and Sundays.¹⁷
- Hosts who are present in the same dwelling during their guest's stay appear generally to face no or few restrictions in relation to the number of nights a property can be let, although some jurisdictions (New York) specify a maximum number of guests as well.¹⁸
- However, absentee hosts often face limits on the number of nights that they can rent out their property, in some cases as low as 30 nights per year (New York).¹⁹ In some instances, Airbnb is cooperating with local authorities in enforcing regulations; from early 2017, for instance, Airbnb's systems automatically limit entire home listings in Greater London to 90 nights and in central Paris districts to 120 nights per calendar year.²⁰
- In many jurisdictions, permits appear to focus primarily on the proportion of the dwelling (whether measured in rooms or square metres) and the number of nights used for short-term accommodation, rather than on issues such as dwelling safety or neighbourhood amenity. However, some jurisdictions appear to require Airbnb hosts to adhere to laws governing tourism operators, which include clauses covering issues such as disturbances to neighbours (Andalucia).²¹
- Whether as home owners or as hosts, Airbnb hosts may be subject to local regulations around, for instance, the installation of fire alarms (Queensland) or bushfire planning (NSW).²²

¹⁴ <https://www.airbnb.com.au/help/article/376/what-legal-and-regulatory-issues-should-i-consider-before-hosting-on-airbnb>

¹⁵ https://www.washingtonpost.com/world/europe/berlin-had-some-of-the-worlds-most-restrictive-rules-for-airbnb-rentals-now-its-loosening-up/2018/03/27/e3acda90-2603-11e8-a227-fd2b009466bc_story.html?noredirect=on&utm_term=.c2a27c4d0d35

¹⁶ <https://www.airbnb.com.au/help/article/2265/catalonia-s-home-sharing-registration-process-frequently-asked-questions>; <https://www.airbnb.com.au/help/article/2241/andalucia-s-home-sharing-registration-process-frequently-asked-questions>

¹⁷ <https://asia.nikkei.com/Spotlight/Sharing-Economy/Airbnb-removes-80-of-Japan-home-share-listings>; <https://asia.nikkei.com/Economy/Japan-s-home-sharing-registrations-off-to-a-rocky-start>

¹⁸ https://www.huffingtonpost.com/entry/why-most-states-are-struggling-to-regulate-airbnb_us_5af068cce4b066cd764091f5

¹⁹ https://www.huffingtonpost.com/entry/why-most-states-are-struggling-to-regulate-airbnb_us_5af068cce4b066cd764091f5

²⁰ <https://www.airbnb.com.au/help/article/1340/i-rent-out-my-home-in-london-what-short-term-rental-laws-apply>

²¹ <http://www.juntadeandalucia.es/boja/2011/255/1>

²² <https://www.propertyobserver.com.au/forward-planning/investment-strategy/property-news-and-insights/72334-airbnb-hosts-may-be-unaware-of-strict-smoke-alarm-rules-sas.html>; <https://www.planning.nsw.gov.au/policy-and-legislation/under-review-and-new-policy-and-legislation/short-term-holiday-letting>

- Some jurisdictions require Airbnb hosts to take additional security measures such as registering guests with the police (Italy).²³
- Some jurisdictions have imposed occupancy taxes on Airbnb rentals, and Airbnb has taken on responsibility for calculating, collecting and remitting local occupancy taxes in some tax jurisdictions.²⁴

These global trends suggest that governments at all levels increasingly start from the premise that permit systems are not only crucial to ensure that property owners are aware of safety requirements, but also provide vital data that support decisions about the future of short-stay accommodation and of suburbs and towns more generally.

²³ <https://www.airbnb.com.au/help/article/1394/ospitare-responsabilmente-in-italia>

²⁴ <https://www.airbnb.com.au/help/article/376/what-legal-and-regulatory-issues-should-i-consider-before-hosting-on-airbnb>

www.airbnb.com.au/help/article/376/what-legal-and-regulatory-issues-should-i-consider-before-hosting-on-airbnb

Proposed legislation

As outlined in our introduction, Tasmania's housing crisis requires a strategic and evidence informed solution. While only one element of the current shortage in affordable rentals, the short-stay sector's impact on the Tasmanian housing market appears significant. The University notes that Airbnb per-night yields remain strong in Tasmania even as the number of listings have grown; this suggests, they believe, that Tasmania as a whole and Hobart in particular have yet to reach 'peak Airbnb,' posing a real risk that more long-term residential housing stock will be converted into short-stay accommodation.²⁵ While new hotel facilities recently completed or currently under development in Hobart and across Tasmania may act as a counterbalance, continued growth in Tasmania's tourism numbers suggests that demand for short-stay accommodation is unlikely to drop dramatically in upcoming years.

TasCOSS applauds the government's decision to introduce legislation to ensure compliance with the permit system codified under Planning Directive No 6. It appears that there is significant non-compliance with the current planning permit requirements, and owners remain confused about what they must do if they want to use their property for short-stay accommodation. The proposed legislation will help short-stay accommodation property owners understand their obligations at the same time that it helps state and local governments monitor and manage the development of the short-stay sector.

At the same time, as noted above, the existing permit system—which from the ancillary dwelling figures above appears likely to apply to 65-80% of 'entire dwelling' listings—does not necessarily capture the full extent of growth of the short-stay accommodation sector or its impact particularly on smaller affordable rental spaces. Mandatory reporting by online platforms will be necessary to ensure that the information necessary for evidence-based solutions is available to state and local governments in the longer term. If online platforms are to be good corporate citizens who want the best for Tasmania, they should want to ensure that this information is fully shared.

TasCOSS recommends that legislation should:

- Ensure compliance with the permit system and impose penalties for non-compliance.
- Ensure that responsibility for compliance lies with online platforms and property owners, rather than local governments and by extension ratepayers.
- Lay the foundations for collaboration between state and local governments to minimize negative impacts of short-stay accommodation on Tasmanian renters and communities. This includes collaboration in sharing data captured through the permit system by local councils and analysed by the state government.

Specifically, the legislation should stipulate that:

- Permits should be obtained by a property's owner in line with the requirements of Planning Directive 6.
- On-line short-stay platforms should require sighting of a permit for a listing to appear, to apply to both existing and future listings from the date of passage of legislation. The property's permit number should be posted on a dwelling's listing. This principle should apply to all properties requiring a permit.
- Local governments should be able to set permit fees and to use revenues collected through permits to resource compliance activities.
- Mandatory fines for non-compliance should apply both to property owners and to online platform providers and be sufficient to act as a strong deterrent to not "playing by the rules".

²⁵ UTas ISC Housing Update August 18.

- Online short-stay platforms should report quarterly on listings in each local government area to assist local governments in ensuring compliance.
- The Act should establish a monitoring regime to provide early warning of unanticipated negative or perverse outcomes in relation to the availability and affordability of rental properties in all communities.
- The Act's effectiveness and impact should be evaluated after a set period.

An effective education campaign will be required to give all members of the Tasmanian community a clear understanding of the expectations that the Act places on short-stay accommodation hosts and of the grace period for registration.

Equity in visitor accommodation regulation and local government resourcing

In drafting the Act, consideration should be given to the parameters of a state-wide regulatory framework that empowers all local councils equally to take discretionary action in relation to the impact of short-stay accommodation in their communities.

At the moment, public policy around the impact of short-stay housing effectively lies in the hands of the Planning Commission. Planning Directive No. 6's special treatment of Battery Point and the Wapping area was inequitable in its focus on concerns of two "privileged" communities. All residents and local governments must have equal abilities to respond to pressures facing residents in short-stay accommodation hotspots.

The Act should have provisions giving local governments the power to trigger a range of options to address the needs of residents of short-stay accommodation hotspots, for instance through implementation of a pause on new permits or renewal of permits in key over-saturated local areas until conditions ease. At the same time, it should establish consistency around the definition of concepts such as saturation and around measures that can be deployed.

The objectives of the Act must ensure a truly equitable response to the pressures created on local communities by the expansion of short-stay accommodation.

Beyond this legislation, the state government should ensure that:

- Local governments are adequately resourced to assess the backlog of permit applications and to ensure compliance.
- Local and state governments are adequately resourced to use data collected through the issuing of permits to work to ensure that the impact of short-stay accommodation on Tasmania's communities is minimised.

Conclusion

Ensuring all Tasmanians have access to affordable and appropriate housing and a place to call home is a fundamental human right. Finding the balance between the economic boost that is achieved through increased tourism versus the priority of ensuring affordable and appropriately located housing for its citizens is a core responsibility of the Tasmanian State Government.

Tasmanians want to live in inclusive and diverse cities and towns. This will require a more targeted and strategic approach to managing population and tourism growth. Inclusive growth ensures no-one is left behind and the benefits of economic growth can be shared by all. Unfortunately, particularly in the south, but also state-wide, Tasmania is seeing many residents push out of their long term communities to make way for short-stay tourism accommodation opportunities.

Tasmania had a high waiting list for social housing prior to the current housing crisis. Tasmania had too many people who were homeless, sleeping rough or couch surfing and no permanent place to call home. The rate of population and tourism growth and the impact of this on affordable housing, including short-stay accommodation, has resulted in a major increase in the number of people who have sadly joined the housing waiting list or are forced to sleep in precarious situations. This increase cannot continue.

Regulation of the short-stay accommodation sector should be driven by the needs of Tasmanians, not of corporations, with particular focus on rental availability and affordability for low-income Tasmanians.

TasCOSS looks forward to a response from the Tasmanian Government, including the proposed Act, which will ensure that Tasmania's tourism boom plays a positive role in the lives of all Tasmanians.